



Agenda Report

File #: 2019-597, **Version:** 1

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SUBJECT:

CONFIDENTIAL EMPLOYEE GROUP COMPENSATION BENEFITS

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-15 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments and consideration to establish a Health Retirement Account for unrepresented exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".
- B. Adopt Resolution No. OCSD 19-16 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments, a minor increase in Development Pay, and consideration to establish a Health Retirement Account for unrepresented non-exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

BACKGROUND

Confidential employees perform duties and responsibilities that support Orange County Sanitation District (Sanitation District) management with labor relations. Confidential employees are not represented by a bargaining unit and meet directly with the General Manager regarding terms and conditions of employment.

Exempt level confidential employees perform work and duties that align with that of employees in the Supervisor Group and Professional Group bargaining units. However, due to their job duties in support of the labor relations program, confidential employees are not represented by a bargaining unit. Therefore, although they are in separate groups, unrepresented exempt level confidential employees' wages and benefits historically have aligned with represented employees' negotiated wages and benefits in the Supervisor Group and Professional Group.

Similarly, non-exempt level confidential employees perform work and duties that align with that of employees in the Orange County Employees Association (OCEA) bargaining units. However, due to their job duties in support of the labor relations program, confidential employees are not represented by a bargaining unit. Therefore, although they are in separate groups, unrepresented non-exempt confidential employees' wages and benefits historically have aligned with represented employees'

negotiated wages and benefits in the OCEA groups.

The General Manager is proposing the following adjustments for exempt- and non-exempt-level confidential employees that align with represented employee wages and benefits.

- **Salary Range Adjustments (3-Year Cost: \$363,934)**
- 3% salary range adjustment and corresponding salary increases in Year 1; 3% salary range adjustment and corresponding salary increases in Year 2; and 3% salary range adjustment and corresponding salary increases in Year 3.
- **Insurance** - Conduct discussions to consider establishment of Health Retirement Account (HRA) for employees.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Offer competitive compensation and benefits
- Cultivate a highly qualified, well-trained, and diverse workforce
- Maintain positive employer-employee relations
- Provide professional growth and development

PROBLEM

The Memoranda of Understanding (MOUs) between the Sanitation District and similarly situated groups in the Supervisory and Professional Management Group (SPMG) and OCEA - Administrative & Clerical Unit bargaining units that became effective on July 1, 2016, expired on June 30, 2019. Successor MOUs were approved by the Board on August 28, 2019, for the similarly situated SPMG and OCEA groups, including salary increases of 3% annually for each of the three years of the agreements. Terms for the similarly situated exempt- and non-exempt level Confidential Group employees have not yet been approved.

PROPOSED SOLUTION

Adopt Resolution No. OCSD 19-15, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments and consideration to establish a Health Retirement Account for unrepresented exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

Adopt Resolution No. OCSD 19-16, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments, a minor increase in Development Pay, and consideration to establish a Health Retirement Account for unrepresented non-exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

TIMING CONCERNS

Labor agreements including salary increases for the corresponding represented groups were approved at the August 28, 2019 Board of Directors meeting.

Salary and benefits for other unrepresented employees, including Executive Management Team and Managers, will be considered at the September 25, 2019, Board of Directors meeting.

RAMIFICATIONS OF NOT TAKING ACTION

- Potential labor instability
- Possible impacts to morale
- Inconsistency in compensation between represented and unrepresented classifications

PRIOR COMMITTEE/BOARD ACTIONS

August 2019 - Board approved successor Memoranda of Understanding, including salary adjustments, for represented employees in similarly situated groups in the SPMG and OCEA bargaining units for Fiscal Years 2019/2020, 2020/2021, and 2021/2022.

November 2016 - Approved Resolutions No. OCSD 16-25 and 16-26, which provided salary adjustments to non-exempt and exempt confidential employees, respectively, for Fiscal Years 2016/2017, 2017/2018, and 2018/2019 based on similarly situated groups.

October 2016 - Approved Resolutions No. OCSD 16-21 and 16-22, which provided salary adjustments for represented employees in similarly situated groups in the SPMG and OCEA bargaining units for Fiscal Years 2016/2017, 2017/2018, and 2018/2019.

ADDITIONAL INFORMATION

There are currently fifteen (15) exempt level confidential employees at the Sanitation District in seven (7) classifications. Confidential employees are those employees who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations.

Exempt level confidential employees hold the following classifications:

- Assistant Clerk of the Board
- Clerk of the Board
- Human Resources Analyst
- Human Resources Supervisor
- Principal Human Resources Analyst
- Secretary to the General Manager
- Senior Human Resources Analyst

There are currently two (2) non-exempt confidential employees at the Sanitation District in one (1) classification. Confidential employees are those employees who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations.

Non-exempt confidential employees hold the following classification: Human Resources Assistant.

Confidential employees are not represented by a bargaining unit; instead, confidential employees represent themselves as a group in informal discussions with the Sanitation District's General Manager regarding wages, hours, and other terms and conditions of employment. The General Manager recommends the following changes:

- Salary
Year 1 - 3% Salary Increase, retroactive to the first pay period of July 2019.
Year 2 - 3% Salary Increase, effective the first pay period of July 2020.
Year 3 - 3% Salary Increase, effective the first pay period of July 2021.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The total cost of the salary range adjustment increases and minor changes to benefits for confidential employee classifications is approximately \$368,363 over the three-year term.

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Resolution No. OCSD 19-15 (Exempt Confidential Employees)
- Resolution No. OCSD 19-16 (Non-Exempt Confidential Employees)
- Current Salary Schedule for Confidential Group (FY 2018/2019)
- Proposed Salary Schedules for Confidential Group for FY 2019/2020, FY 2020/2021, and FY 2021/2022